

# RIO TINTO

June 17, 2004

m/035/009 #  
m/035/011

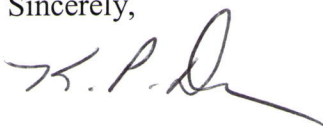
Ms. Joelle Burns  
State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5301

Dear Joelle:

Enclosed are three packages for your review/files. Package #1 includes a revised reclamation contract and surety bond reduction rider. The package is for Barneys Canyon (M-035-009). The surety amount is now set at \$3,631,200. Package #2 includes a revised reclamation contract and letter of credit. The package is for Kennecott Utah Copper Corporation's (M/035/011) Copperton Concentrator Modernization Project. The surety amount is now set at \$10,174,100. Package #3 includes a revised reclamation contract and letter of credit. The package is for Kennecott Utah Copper Corporation (M/035/011) UCD Modernization. The surety amount is now set at \$13,149,000. Please let me know if you have any questions or require any changes.

Thanks for your assistance in the process of developing the packages.

Sincerely,



K.P. Done  
Director Treasury Services

cc: J.R. Welch (w/o attachments)  
P. Doughty (w/o attachments)

RECEIVED

JUN 22 2004

DIV. OF OIL, GAS & MINING

FORM MR-RC  
Revised January 30, 2003  
RECLAMATION CONTRACT

File Number M-035-009  
Effective Date JUNE 25, 2004  
Other Agency File Number \_\_\_\_\_

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECEIVED**

**RECLAMATION CONTRACT**  
---ooOoo---

**JUN 22 2004**

**DIV OF OIL GAS & MINING**

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M-035-009</u>
(Mineral Mined)	<u>Gold</u>
"MINE LOCATION":	
(Name of Mine)	<u>Barneys Canyon Mine</u>
(Description)	<u>8200 South 9600 West</u>
	<u>P.O. Box 311</u>
	<u>Bingham Canyon</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>963</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Kennecott Barneys Canyon Mining Company</u>
(Address)	<u>8200 South 9600 West</u>
	<u>Bingham Canyon, UT 84006-0311</u>
(Phone)	<u>801-569-7110 (Ray Gottling)</u>

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Corporation Service Company (CSC)

Gateway Tower East, Suite 900

10 East South Temple

Salt Lake City, UT 84133

800-927-9801

"OPERATOR'S OFFICER(S)":

W.H. Champion, President & CEO

R.S. Light, Vice President & CFO

K.P. Done, Treasurer

SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

St. Paul Fire & Marine Insurance Company

"SURETY AMOUNT":

(Escalated Dollars)

\$3,631,200

"ESCALATION YEAR":

2009

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Kennecott Barneys Canyon Mining Co. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-035-009 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved Notice of Intention and Reclamation Plan received 9/29/89. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Kennecott Barneys Canyon Mining Company  
Operator Name

By Ken P. Done / Rob S. Light  
Authorized Officer (Typed or Printed)

Treasurer / VP & CFO  
Authorized Officer - Position

K. P. Done / Rob S. Light  
Officer's Signature

10 JUNE 2004  
Date

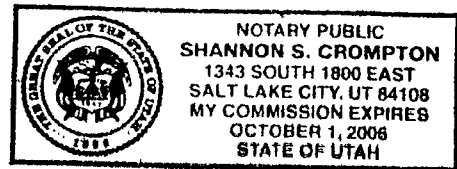
STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 10<sup>TH</sup> day of JUNE, 20 04, Ken Done and Rob Light personally appeared before me, who being by me duly sworn did say that he/she is the Treasurer and VP & CFO of Kennecott Barneys Canyon Mining Company and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said MESSRS. DONE AND LIGHT duly acknowledged to me that said company executed the same.

Shannon S. Crompton  
Notary Public

Residing at SALT LAKE Co., UTAH

1 OCTOBER 2006  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, Director

6/25/04  
Date

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 25<sup>th</sup> day of June, 2004, Lowell P Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: SLC Utah

April 4, 2005  
My Commission Expires:

## ATTACHMENT "A"

Kennecott Barneys Canyon  
Operator Mining Company

Barneys Canyon Mine  
Mine Name

M-035-009  
Permit Number

Salt Lake County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 963.0 acres under the approved permit and surety, as reflected on the attached map labeled Barneys Canyon Mine Reclamation and dated 12/16/02:

### The legal description of lands to be disturbed is:

NE 1/4	OF NE 1/4	OF SECTION 10,	TOWNSHIP 3S, RANGE 3W
ALL	OF NW 1/4	OF SECTION 11,	TOWNSHIP 3S, RANGE 3W
NW 1/4	OF NE 1/4	OF SECTION 11,	TOWNSHIP 3S, RANGE 3W
SE 1/4	OF NW 1/4	OF SECTION 3,	TOWNSHIP 3S, RANGE 3W
ALL	OF E 1/2	OF SECTION 3,	TOWNSHIP 3S, RANGE 3W
ALL	OF W 1/2	OF SECTION 2,	TOWNSHIP 3S, RANGE 3W
ALL	OF NE 1/4	OF SECTION 2,	TOWNSHIP 3S, RANGE 3W
E 1/2	OF SE 1/4	OF SECTION 2,	TOWNSHIP 3S, RANGE 3W
SW 1/4	OF SE 1/4	OF SECTION 2,	TOWNSHIP 3S, RANGE 3W
ALL	OF NW 1/4	OF SECTION 1,	TOWNSHIP 3S, RANGE 3W
NW 1/4	OF SW 1/4	OF SECTION 1,	TOWNSHIP 3S, RANGE 3W
N 1/2	OF NE 1/4	OF SECTION 1	TOWNSHIP 3S, RANGE 3W
SE 1/4	OF SW 1/4	OF SECTION 35	TOWNSHIP 2S, RANGE 3W
ALL	OF SW 1/4	OF SECTION 36,	TOWNSHIP 2S, RANGE 3W
ALL	OF SE 1/4	OF SECTION 36,	TOWNSHIP 2S, RANGE 3W
ALL	OF NE 1/4	OF SECTION 36,	TOWNSHIP 2S, RANGE 3W
S 1/2	OF NW 1/4	OF SECTION 31,	TOWNSHIP 2S, RANGE 2W
S 1/2	OF NE 1/4	OF SECTION 31,	TOWNSHIP 3S, RANGE 2W
ALL	OF S 1/2	OF SECTION 31,	TOWNSHIP 3S, RANGE 2W
W 1/2	OF SW 1/4	OF SECTION 32,	TOWNSHIP 3S, RANGE 2W
SW 1/4	OF NW 1/4	OF SECTION 32,	TOWNSHIP 3S, RANGE 2W
NW 1/4	OF NW 1/4	OF SECTION 5,	TOWNSHIP 3S, RANGE 2W
NE 1/4	OF NE 1/4	OF SECTION 6,	TOWNSHIP 3S, RANGE 2W




## DECREASE RIDER

To be attached to and form a part of Bond Number \_\_\_\_\_  
issued by St. Paul Fire and Marine Insurance Company ,  
on behalf of Kennecott Barneys Canyon Mining Company ,  
as Principal in favor of State of Utah, Division of Oil, Gas and Mining (Division) ,  
as Obligee, effective June 23 1998 .

IT IS HEREBY UNDERSTOOD AND AGREED, that,


The penal sum of this bond is decreased from Four Million Six Hundred Four Thousand and 00/100 -----  
----- Dollars (\$ 4,604,000.00 )  
to Three Million Six Hundred Thirty One Thousand Two Hundred and 00/100 -----  
Dollars (\$ 3,631,200.00 ) effective the 19th day of April , 2004 .

ATTEST:

  
SECRETARY

Kennecott Barneys Canyon Mining Company  
Principal

By

  
R.S. LIGHT

VICE PRES AND CFO

  
S.R. WELCH

ASSISTANT TREASURER

St. Paul Fire and Marine Insurance Company  
Surety

By

  
Joseph R. Poplawski

Attorney-in-Fact

**St Paul Surety**

St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company  
Seaboard Surety Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.  
St. Paul Medical Liability Insurance Company

Bond No. \_\_\_\_\_

**RIDER CONTAINING  
DISCLOSURE NOTICE OF TERRORISM COVERAGE**

This disclosure notice is required by the Terrorism Risk Insurance Act of 2002 (the "Act"). No action is required on your part. This Disclosure Notice is incorporated in and a part of the attached bond, and is effective the date of the bond.

You should know that, effective November 26, 2002, any losses covered by the attached bond that are caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by the Act. Under this formula, the United States reimburses 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

Under the Act, there is a cap on our liability to pay for covered terrorism losses if the aggregate amount of insured losses under the Act exceeds \$100,000,000,000 during the applicable period for all insureds and all insurers combined. In that case, we will not be liable for the payment of any amount which exceeds that aggregate amount of \$100,000,000,000.

The portion of your premium that is attributable to coverage for acts of terrorism is **\$0.00.**

**IMPORTANT NOTE: THE COST OF TERRORISM COVERAGE IS SUBJECT TO CHANGE ON ANY BONDS THAT PREMIUM IS CHARGED ANNUALLY.**

**POWER OF ATTORNEY**

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 24203

Certificate No. 2058555

**KNOW ALL MEN BY THESE PRESENTS:** That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

Joseph R. Poplawski, Joy M. Williams, Elizabeth A. Hartzberg and Debra Elaine Clark

Knoxville

Tennessee

of the City of \_\_\_\_\_, State \_\_\_\_\_, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings, and to do all things which may be required or permitted in any actions or proceedings allowed by law.


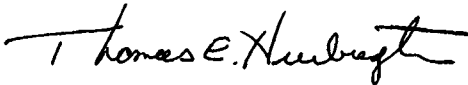
IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 3rd day of March, 2004.

Seaboard Surety Company  
St. Paul Fire and Marine Insurance Company  
St. Paul Guardian Insurance Company  
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company  
Fidelity and Guaranty Insurance Company  
Fidelity and Guaranty Insurance Underwriters, Inc.



State of Maryland  
City of Baltimore

  
PETER W. CARMAN, Vice President  
  
THOMAS E. HUIBREGTSE, Assistant Secretary

On this 3rd day of March, 2004, before me, the undersigned officer, personally appeared Peter W. Carman and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 1st day of July, 2006.





REBECCA EASLEY-ONOKALA, Notary Public

**KENNECOTT BARNEYS CANYON MINING COMPANY**

**SECRETARY'S CERTIFICATE**

As Secretary of Kennecott Barneys Canyon Mining Company, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 1 July 2001, which resolutions have not been amended and remain effective on this date:

**ADOPTION OF RESTATED BANKING RESOLUTIONS:**

**IT IS RESOLVED** that either the President and Chief Executive Officer, the Vice President and Chief Financial Officer or the Treasurer **together with** the Assistant Treasurer are authorized to:

- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;

- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts opened in the name of the Corporation and to revoke such authority; and
- (v) execute, in the name of the Corporation, such guarantees, letters of credit and other types of indemnification agreements as they deem advisable;

and it is further

**RESOLVED** that the above banking resolutions shall supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

<u>NAME OF OFFICER</u>	<u>POSITION</u>	<u>SIGNATURE</u>
W. H. Champion	President and Chief Executive Officer	<i>W. H. Champion</i>
R. S. Light	Vice President and Chief Financial Officer	<i>R. S. Light</i>
K. P. Done	Treasurer	<i>K. P. Done</i>
J. R. Welch	Assistant Treasurer	<i>J. R. Welch</i>

**DATED AND SEALED** this 27<sup>th</sup> day of MAY 2004



*Shannon S. Crompton*  
 SHANNON S. CROMPTON